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25 January 1979

TRANSLATIONS ON WESTERN EUROPE
(FOUO 7/79)

WEST

EUROPE

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FRANCE

AEROSPATIALE'S MITTERRAND REVIEWS COMPANY'S POSITION

Paris AIR & COSMOS in French 23 Dec 78 p 11

[Article: "Aerospatiale: Great Call on Subcontracting"]

[Text] Jacques Mitterrand, president-director general of Aerospatiale [National Industrial Aerospace Company], was the guest of honor on 13 December 1978 of the Aeronautics and Space Public Relations Club under the presidency of Etienne Daum (Paris airport).

Opportunity for the French Economy

[Mitterrand said:] "In a seemingly somber economic situation, aeronautics as usual is running against the tide and its intermediate-term future appears under a favorable sign. This situation denies to some extent the presumptively pessimistic or skeptical opinions regarding the contribution of the aerospace sector to the French economy. Despite export orders which are not as exceptional as were those of 1977, the intermediate-term prospects of the aerospace industry represent one of the opportunities for the French economy."

For Aerospatiale, which accounts for 40 percent of the French aeronautical potential, prospects continue to be favorable but call for a certain degree of prudence as regards helicopters, one of the rare sectors in which French industry has reached the American scale. The space sector will be streamlined following new orientations laid down by the minister of industry, Andre Giraud. For tactical missiles Aerospatiale has had some successes comparable to those of MATRA [General Mechanical Aeronautics Company, Propulsion Section].

New Situation for Aircraft

For fixed-wing aircraft the situation is basically new after the somber prospects 3 years ago. To make the Airbus program succeed, the cooperation structures have been modified and a coherent policy has finally been adopted. The start-up of the marketing of the Airbus plane raises industrial production problems in entirely new terms. Finally, the decision to launch the A-310 [new Airbus version] has been made.

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Under these conditions Aerospatiale is in a position to implement a policy of directing its industrial activities as a function of market needs. It will resort to a large extent to subcontracting which it will reactivate and the national company will thus retrieve its fundamental role.

While striving to increase its industrial flexibility, Aerospatiale plans to solve the problems raised by civilian production within the framework of an international cooperation policy. It does not envision pursuing a policy of civilian production outside the cooperation arrangement defined by the European governments. In the Airbus program the existing partners do not seek new partners. But neither are they opposed to participation in the form of subcontracting agreements with an interest in development and risks. Fokker is cooperating satisfactorily in the A-300 B 2/4 model program and naturally had its place in the A-310 program up to the point where, having globalized the problems, the Netherlands brought these prospects into question. At the present stage of the F-29 aircraft project sufficient elements are not available to evaluate the chances of commercial success of this project. At any rate, participation in such an undertaking could be envisioned only within the framework of Airbus Industrie [Airbus Industrial Company].

Recalling the priority given to the A-310 program, president Jacques Mitterrand declared that the plans for jets seating 120 to 170 passengers have not for all that been forgotten. New proposals will be submitted to the users during 1979. When it is possible to make decisions, this program will become part of the Airbus family.

Aerospatiale's Industrial Policy

President Jacques Mitterrand stressed the policy of Aerospatiale will follow to face its new industrial responsibilities. Undoubtedly, since early October 1978 the national company has come to the end of its policy of cutting personnel who were reduced by more than 3,000 workers. The policy brought down to 1,350 individuals the personnel in its research department. But there is however no question of initiating a large-scale hiring policy. The problem of the flexibility of adaptation of European industry in the face of market variations has been raised. As a national enterprise, Aerospatiale must furthermore generate activities. It must irrigate the entire French industrial fabric by means of subcontracts. This problem is not simple because it implies that one find appropriate subcontracting enterprises. The president of Aerospatiale also mentioned its linked subcontracting with Dassault-Brequet.

In order to adjust to its work load, Aerospatiale could have to renegotiate or abandon some subcontracting for which it has signed agreements. But it plans to honor its commitments. It has already concluded new agreements on the Falcon-20 program with Dassault-Breguet. It will get rid of marginal or deficit-producing activities. But its commitments to its customers and

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its responsibility as a national enterprise demand that it not relinquish activities if no other industrial sectors are available to reactivate them.

General Aviation: Decisions Under Study

Questioned about the activities of the national company in the field of general aviation, Jacques Mitterrand recalled that developments in this sector do not do credit to the national company. Expenses are continuing to be incurred for the Corvette (a program whose cost will have exceeded 1 billion French francs) and, as regards SOCATA [Air Transportation Corporation] whose future may be built on the TB-10 program, the behavior of the group regarding that company will be determined in the next few months.

It is also in the next few months that a decision will be made on the future of the Fouga-90 aircraft project. Jacques Mitterrand recalled that his company is very actively interested in a basic, modest training aircraft for which it has submitted the TB-30 project to the Ministry of Defense.

Different Financial Results

Asked about the financial performance of Aerospatiale, president Mitterrand indicated that it will appear as fundamentally different from the preceding years. Mentioning the increase in the company's own funds to which those allocated in the government budget just approved will contribute, Jacques Mitterrand said that this improvement will not be as great as he would have wished.

The president of Aerospatiale also noted the interest of a linked subcontracting policy to overcome the difficulties of too specialized products, but he indicated that he did not seek the establishment of a holding company whose creation the government has announced for the spring of 1979.

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FRANCE

TRANSPORT SQUADRON'S 1978 ACTIVITIES REVIEWED

Paris AIR & COSMOS in French 23 Dec 78 pp 24-27

[Article: "Distinct Reactivation of the Operations of the 61st Squadron in 1978"]

[Text] The 61st Transport Squadron based at Orleans-Bricy has a little more than 400 members of whom 115 officers and 180 noncommissioned officers are flying personnel according to the following normal breakdown: 155 pilots, 55 navigators, and 85 mechanics. The ground mechanics assigned to the squadron are relatively few, the near-totality of troubleshooting and repair work of the first stage (which, in a fighter unit, for example, are done at the squadron level) being performed in Orleans by GERMAS [Maintenance and Repair Group for Specialized Air Equipment].

500 Paratrooper Jumps a Day

The crews of the three flight units ("Touraine," "Franche-Comte," and "Poitou") of the 61st Transport Squadron are trained to have the capacity, in wartime as in peacetime, to carry out very diversified missions involving at times tactical and at others logistical operations. They range from attack air transport and air drops of light or heavy loads to operations, planned or on demand, of passenger or cargo transport and including humanitarian-type missions. Included in peacetime tactical assignments are, naturally, the instruction of crews (approximately 15 percent of its annual activity) and the training of airborne troops (some 25 percent of its annual activity). The latter is carried out essentially in Pau and Toulouse for the 11th Airborne Division but a good part also takes place at Calvi. These training missions of airborne troops are part of those which the 61st Transport Squadron conducts for the general staff of the armed forces. All these missions were described in great detail in issue No 656 of AIR & COSMOS. The account of activities of the 61st Transport Squadron during the 4 most recent years appears in the following table of services rendered:

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Services Rendered by the 61st Transport Squadron in 1975-78

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Passengers Transported	112,200	127,600	102,000	119,300
Tons of Cargo Transported	10,750	6,550	7,500	13,520
Paratroopers	215,000	195,000	200,000	167,900
Tons of air-dropped equipment	1,750	1,700	2,050	1,650

While the number of paratroopers who, in the course of their training, "jumped" from the hold of Transall aircraft was lower this year than in preceding years, this activity still represented on the average more than 500 jumps per working day, which is significant.

Expressed in terms of hours of flight, the operations of the 61st Transport Squadron in 1978 nearly reached the high level that they had evidenced in 1973 before they were harshly affected, especially in 1976 and 1977, by the induced effects of the oil crisis of 1973-74. The table below indeed reflects four very distinct periods: 1970 to 1972 witnessed the upswing in strength with the gradual formation of the three flight units; 1973 to 1975 were the "record" years; 1976 and 1977 were years of low activity for economic reasons; 1978 reflected a return to normal activity.

Flight Hours by the 61st Transport Squadron in 1970-78

<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
12,300	15,300	17,700	21,000	19,400	18,500	16,000	16,250	20,000

The year 1978 saw among other things the ferrying from France to Lebanon of heavy equipment and rolling stock slated for UNIFIL [United Nations Interim Forces in Lebanon]. These missions represented some 250 hours of flight. Everyone knows additionally the important role assigned to the C-160 aircraft during the recent interventions in Africa.

The carrying out of the various missions entrusted to the 61st Transport Squadron within the normal framework of its peacetime activities calls for the dispatch of a number of aircraft which may range from one to about 10, at times more. Under all circumstances the immediate availability of the aircraft has been excellent (over 70 percent) and the unit did not have to interrupt any of its missions by virtue of technical hitches involving one or more planes. The operational result can thus be characterized as very satisfactory.

This pickup of activity by the Transall planes in the 61st Squadron in 1978 was obviously felt in COTAM [Military Air Transport Command] which supervises all the C-160 planes used by the French air force. The total of flight hours in 1978 will reach 24,600 and it will be even higher in the coming year.

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Tactical Sequential Navigation

In a hostile zone transport planes are particularly vulnerable: On one hand the Transall has, like all cargo aircraft of this type, a radar signal that is relatively easy to pick up because of the dimensions of the aircraft. On the other hand it moves slowly on airborne attack missions near the battlefield. The infrared radiation of its engines attracts enemy short-range ground-to-air missiles. In addition, the aircraft is equipped neither with a decoy launcher nor with a radar collision detector.

The only remedy for it is very low-altitude flight and that is why the French air force has always insisted that its transport crews follow very advanced training in this field. COTAM has incidentally sought for several years now to expand the range of the tactical use of the Transall plane because of the attractive possibilities offered by some of its equipment (Doppler radar hooked up to a computer; meteorological radar with a very good definition).

Inspired by methods used by the FAS [Strategic Air Force] on the Mirage-IV aircraft and by the FATAC [Tactical Air Force] on Mirage-III planes, an autonomous "sequential" radar navigation technique has recently been developed by CIET [Transport Crews Instruction Center] and the 61st Transport Squadron.

This method makes possible the execution, preferably by night to reduce the vulnerability of the planes, of low-altitude navigation without visual observation 150 meters from the ground under operational conditions leading either to the air drop of personnel or equipment at the lowest altitude permitted by the performance characteristics of the parachutes of airborne troops (150 meters for the jumps of personnel in operations) or to land on an attack air transport mission using a simple, natural strip 800 meters long.

Demanding rigorous preparation of the itineraries on the ground and a very strict division of work loads among crew members in the air, "sequential radar navigation" has as its basic principle a follow-through of routes by guesswork controlled by a navigational computer in tandem with a Doppler radar which is frequently reset, by "sequences," on the basis of landmarks yielding easily identifiable radar signals on the instrument panel. They are then compared to photographs of radar displays programmed in advance. The discontinuous use of the radar increases "electromagnetic discretion."

In practice, what is involved is following an itinerary with a set time of arrival at an altitude of 300 meters above any obstacle located 9 km on either side of the route and 4 km fore and aft of the aircraft's position by navigation with such precision as to allow on arrival the use of a radar beacon to carry out either an air drop without visual observation or a breakthrough [through cloud cover] before landing on an attack field.

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The radar on Transall aircraft now in service indeed has available a "beacon function" which enables it to pick up the signal transmitted by this beacon to the exclusion of any other signal. The radar beacon itself is a light, handy piece of equipment which is available to army and air force units and is rendered operational in very short order.

A modification is now in the course of implementation on all the C-160 aircraft of COTAM in order to make them capable of carrying this beacon.

Shortly, numeralization by a data processing system programmed from the cartography of the entire French and European territory will make it possible to have available radar coverage whose exploitation could be effected in minimum time by the specialized centers developed by the French air force.

This type of mission implies the specific and continuous training of the crews for, in order for operations of this kind to be successful, great skill is required considering the duties involved for each of the crew members.

The technique is perfected by now. On two occasions, on 24 October and 4 December 1978, the Minister of Defense and the press were able to verify it. The success of these operations has demonstrated the validity of this new technique of navigation without visual observation and the efficiency of attack air transport free from the constraints of preparation and regrouping related to air drops. The perfecting of this sequential navigation does not however mean the definitive start of all-weather tactical flights for military transport aircraft. There are still numerous constraints and limitations. Low-altitude navigation without visual observation comes up against arduous problems of air traffic control for the training of the crews in peacetime. Yet, such training would have to be insured on a regular basis to achieve the necessary safety and precision of execution. In future, more modern navigational equipment may make it possible to considerably lighten the task of the crews while insuring for them high-precision navigation without the radar on board transmitting signals whatever the zone of overflight. The plane's radar would then become a complementary means of correction and control, used more discreetly.

Well-Planned Maintenance

Entrusted with planned preventive and remedial maintenance, of the 48 Transall aircraft in service in the French air force, also charged with the repairs calling for significant servicing facilities as well as daily troubleshooting and repair work on aircraft of the 61st Transport Squadron. GERMAS 15-061 has more than 400 personnel of whom seven are officers and 366 are nonflying noncommissioned officers including 350 specialists. The unit also has 35 enlisted men.

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The major maintenance cycle of the Transall aircraft extends over 16 years. The AIA [Industrial Air Workshop] in Clermont-Ferrand undertakes the task every 4 years by bloc, each of the four blocs corresponding to very specific portions of the airframe: (a) Central section plus upper cargo section; (b) engine nacelles, leeboard, upper forward part and extreme right wing; (c) lower cargo section plus fixed horizontal section; (d) radome and extreme left wing. The operations to be undertaken on each of the four blocs constitute a major inspection whose duration is in the order of 3 months. For the AIA the annual checkup program involves 12 major inspections.

At each major inspection bearing on one of the four blocs designated above, the AIA also checks the three other blocs for a certain number of operations of the fourth stage which could not wait for the subsequent complete cycle. From one major inspection to the next the Transall aircraft up to now used to fly three spells of operations of about 700 to 780 hours each (taking into account the assigned potential), interspersed with two periodic inspections (minor inspections) lasting about a month on the average which are effected by GERMAS. Between the end of each major inspection and the first of the minor inspections, between the two minor inspections, as well as between the second minor inspection and the subsequent major inspection, GERMAS undertakes intermediate inspections whose duration is in the order of 2 to 3 days. Over-all, each year the AIA effects 12 major inspections while GERMAS does 24 minor inspections plus 36 intermediate inspections as well as a certain number of safety inspections, very specific ones, which never take much longer than about 10 hours.

This technique of maintenance by sampling is the result of the search for upkeep at least cost. In the case of the Transall aircraft, the method of judiciously dividing all the sections over the annual program makes it possible to have a sound knowledge of the technical condition of the entire fleet by considering only three "entire" aircraft. This method which makes possible great flexibility involves a constraint: Essentially, all the aircraft have to be given the same assignments.

In 1977 each minor inspection had involved 294 systematic verification operations (investment: 1,100 hours) plus 1,400 hours of special work made necessary by the determinations made at the time of these systematic operations, plus 400 hours of modification work and corrections after flights.

What should be stressed is the very favorable evolution of the maintenance cycle of the Transall aircraft: The assigned potential which used to be 150 hours in 1967 increased to 500 hours in 1973 with a 10-month cycle and then to 720 hours in 1976 with a 14-month cycle. It will rise to 800-850 hours with a similar 14-month cycle. As for the number of systematic operations, it dropped from an average of 500 in 1967 to 294 in 1977.

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The potential of the Tyne engines, now of 1,800 hours, could increase to 2,000 hours. All the overhaul operations are performed by SOCATA. Each overhaul lasts 5 months but the goal is to reduce this time to 3½ months.

Of the 48 Transall planes in service, the one with the largest number of hours of operations to its credit has chalked up 5,000 (involving 5,800 landings). The aircraft with the least numbers of hours has 3,000 (with 2,200 landings).

The repair squadron of GERMAS will have overhauled some 2,430 planes in 1978 (involving about 7,500 breakdowns). This figure should be compared with the number of various items of equipment on the Transall aircraft--about 800.

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FRANCE

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GOVERNMENT HELICOPTER PURCHASES DOWN--Aerospatiale is worried; Government purchases of helicopters have declined greatly. Deliveries for export amount to 78 percent of the total, and foreign orders now make up 95 percent of the total orders placed. Since the Puma and Gazelle [helicopter] orders, the Government has not put in an order. The French military has not yet ordered the new Dauphin helicopter that is adapted for surveillance of the maritime economic zone. [Text] [Paris VALEURS ACTUELLES in French 8 Jan 79 p 13]

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ITALY

MODUS OPERANDI OF UCC TERRORIST GROUP DESCRIBED

Milan L'EUROPEO in Italian 8 Dec 78 pp 18-22

/Article by Roberto Chiodi: "Guerrilla Warfare 'Regulations'"

/Text/ L'EUROPEO publishes an exceptional document: It is the secret bylaws of the "fighting party." Here are the rules on recruiting, chain of command, security regulations.

An average of eight "missions" per day. Terrorism has for some time gone beyond the guard level, and we are at the creeping guerrilla warfare stage: 150 initials counted from the beginning of the year, a psychological stockpile that continuously increases under the pressure of disappointments, anger, daily impotency. But how are these militants of the fighting party recruited and fitted into the organization? What "Regulations" must they accept, and how are the units they report to structured?

L'EUROPEO found the answers in an important document that came to light during a trial which ended in Florence last week. It is the "Regulations" which one of the more active and ramified of guerrilla actions, the Communist Fighting Units, adopted and applied for years. Members of the unit that killed Fedele Calvosa, the public prosecutor of Frosinone, and two men who accompanied him at Patrica, were following these "Regulations."

The document was seized in April 1977 at a base frequented by two members of the Fighting Units. An attempt was made last January to free them by an assault on the jail at Murate (policeman Fausto Dionisi was killed). At the beginning of the trial, the UCC hit 11 "objectives" simultaneously (including the ex-physician of the prison and the person who planned the new Florentine Penitentiary), in order to demonstrate an operational capability that was intact and widespread. Before they were sentenced to 13 years in prison each, the two defendants praised the "fighting party."

But does this "party" actually exist? If it exists, it certainly has the organization accurately described in the "Regulations." After a broad premise concerning errors committed (We do not say, 'War is the master' as others do.

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Nor, 'Revolution tomorrow' as we have done many times. These pressure tactics have disastrous effects) there is the basic statement: "The maximum possible expansion must be permitted the irregular bands who will engage in fighting in this phase, and later become a regular army at the time of war."

In the present phase, this is the organization indicated in the "Regulations":

- (1) Guerrilla General Staff;
- (2) Central Guerrilla Units;
- (3) Proletarian Guerrilla Squads;
- (4) Press, Propaganda, Activities in the Movement;
- (5) Services.

"Item 2 in particular indicates attacks; Item 3 expresses combat; Item 4 expresses fighting on the line and promotion of committees. Every unit, like every comrade, is on combat status."

The latter statement shows that even the terrorist leaders are required to personally become committed in actions. But how does one "join" these organizations? The answer is found in the chapter entitled "Recruiting" which also refers to promotions: "The instrument of organization is presence in the movement. Recruits enter the organization from below. This does not mean that every time contact is made with a comrade who has certain abilities, he is to be sent to cleanse himself in the movement. However, it is important that before every promotion a period of time must pass to permit verification of the comrade's ability in terms of security, training and self-training (we refer to a period from 3 to 6 months)."

Before every promotion, a higher-ranking comrade must keep the candidate under observation, carrying out an investigation on levels of security (his origins, professional dedication, prior record), checking possible contacts with the enemy (and surveillance if necessary) and verifying his military capacity in operations which he must carry out alone. At this point, he is subjected to interrogation which should consider political homogeneity, personal initiative, and "consequences of his joining up." After this long period of examinations, "The staff will decide whether the candidate is accepted."

Who are the members of this "Guerrilla warfare general staff" and what are their tasks? First of all, it must be said that "it has decisionmaking powers, conducts national relations and controls the organization's budget."

Elections to staff are made "through methods of democratic centralism, not because the individuals represent sectors or are good in the art of public speaking," but for their ability to express and implement stated objectives.

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Each member of the staff, in addition to understanding overall organizational problems, must have a kind of specialization: "The unit commanders in military practice; the comrade representing the 'scientific' function, an understanding of technology and logistics; those involved in 'intelligence' must know information; squad comrades must know relationships with the movement." The staff remains in office for 1 year. It submits a resignation to the yearend political conference. An executive commander is elected to the staff. Staff members fight alongside units.

And here we come to "guerrilla units." They have two fundamental objectives: Attack and expropriation. They are entirely detached from the rest of the organization, and the commander is the only contact with the staff command. Totally self-sufficient, they have bases and supply depots, and they must have the characteristics of maximum capacity to act and mobilize. Its members are those who particularly distinguish themselves in the squads.

Combat and self-financing are the main objectives of the "proletarian squads." While the units are completely manned by "regulars," the squads are composed of irregulars under the leadership of one or more regulars. The latter are responsible for training the squad in combat, political-military leadership, and security checks. The liaison between the various squads and the staff consists of the national staff which consists of all squad commanders (the "Regulations" warn: Avoid large gatherings: If meetings consist of more than five persons they should be halved). Advance discussion by headquarters staff is required for "armed action."

Regulars and Irregulars

The distinction between regular and irregular guerrillas should not cause perplexity. It is one of the principal innovative characteristics contained in the "Regulations," destined to influence the personality, the identity of the new terrorist, who in the "Regulations" is called "regular cadre." Above all, he lives in conditions of semisecrecy, he maintains his own identity, he has a legal residence and a legal automobile. He lives "separated from areas of movement or in any case from areas that can be infiltrated." He cannot be placed under surveillance as an individual (like members of the brigades) "just because he exists; but only if he is caught in the act or in possession of something illegal."

Sooner or later, the "Regulations" read, "comrades will fall": Therefore, it is important to avoid possession of political documents and illegal material simultaneously, since it must not be possible to link a crime with another person." This is so that a technical defense can be raised, that is, a trial based only on crimes committed. Example: A "regular" is arrested during an act of expropriation /robbery/ in a bank. The technical defense consists of trying him only for robbery, not for subversive conspiracy: "Since jail is not a 'second home' for us we pose the problem of liberating political prisoners, and also that of obtaining light sentences."

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It is necessary to be attentive to all the elements which in one way or another can lead back to a "regular." Here arises the need to "place filters between oneself and all those things which, even though legal, can serve the adversary for purposes of identification, from physical description to social status." And more particularly: "We do not intend to recommend the role of a low-level employee as the pinnacle of disguise. Certainly appearance and dress must not be too eccentric. Care must be taken to avoid use of the family as a direct link in tracing us or at least not an immediate link. Separation, in order to be credible, must be progressive and is carried out on a case-by-case basis."

Unquestionably members of the unit who killed the Frosinone prosecutor, Fedele Calvosa, were following the latter "Regulations." Roberto Capone, the student killed in the attack, lived in these conditions. He was detaching himself from his family, he had loosened contacts with the political movements to which he had belonged. He had adopted an unsuspected cover as an employee in an architect's office on a salary of 300,000 lire per month. And, in fact, the "Regulations" require the organization to guarantee "fictitious employment and a budget that takes into account the creation of business activities with more or less false places of employment." This for those comrades who "are in a position where they must socially justify the source of their income." Nicola Valentino who shares Capone's apartment and is sought for the killing, had not rented a place for nothing when he said he wanted to establish a shop for the sale of coral.

After the rules of conduct the fundamental requirements are: Political homogeneity, fighting qualities, availability 24 hours a day, abilities leading to promotion and leadership, objective determination, discipline, acceptance of the hierarchy. Specifying military initiative, the "Regulations" single out three "basic operational models: 1) operation without weapons--for example, a skillful theft, surveillance, reconnaissance, street fights; 2) armed action without drawing a weapon--for example, a burglary, stakeouts, terrorist acts, propaganda; 3) action with use of weapon--for example, disarming, immobilizing, kidnapping, theft, firefight and any other kind of attack. The regular cadre must have been involved at least once on all three levels of operations." However, the irregular is required to have a fighting quality that is sufficient on the second level: That is to say, operations in which use of a weapon is expected and necessary are reserved for full-time guerrillas.

Regarding availability, it is not desired to "create people's martyrs, not to tolerate armchair revolutionaries." All guerrilla groups are always in agreement on this subject. "Sacred cows" must not exist in the red brigades. In the GAP /Partisan Action Group/ created by Giangiacomo Feltrinelli, it was the leader himself who led the more spectacular actions. All members of NAP /Armed Proletarian Nuclei/ played a direct role. However, the "Regulations" provide that "the regular may be asked at any time to go underground." He is "conscious of belonging to a centralized and therefore rigidly hierarchical organization. Therefore, he disciplines himself according to its internal rules, he takes no initiative without consulting his direct superior or, in cases of emergency, the highest ranking person he can find."

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In return, the organization guarantees medical, mechanical, and legal services, and the possibility of escaping abroad. Particular attention is given to legal services: "The comrade lawyer may from time to time adequately select the line of defense only if he is politically in possession of the organization's program; and only in this case can there be a valid exchange with the comrade prisoners."

The strengthening of services is one of the immediate goals to be reached, on the basis of the so-called "network." The latter is differentiated in "a real friend with awareness in the political area; and in the purely support network, uninformed." This is a considerable difference above all because of the different development that members in this sector may have: The former, that is the aware network, is considered a privileged terrain for testing cadres selected from the area, future candidates for irregular groups. The latter, that is the uninformed network, can be established on the basis of school, family friends, or whomsoever, because a relationship of esteem or reciprocal confidence with a comrade, guarantees a service."

Some Cabinet-level Friends

These few phrases embrace the entire world of sympathizers, of those who move around the organization, who guarantee its survival and development. In this kind of organization "entry from below" is not unplanned. Thus, one enters by beginning to guarantee a service, a document, information, a suggestion. Perhaps this would be received from a friend who esteems us and who could never by the furthest stretch of the imagination suppose that the material will turn out to be useful to terrorists. This is probably the situation of the various "moles" who are believed to be holed up in the ministries. Perhaps it is not a matter of conscious spies, but merely of "school companions," "friends of the family," who indulge in confidences based on a misplaced trust. In order to avoid shocks, requests directed to the network are made on a gradual basis. Finally, "a minimum of political debate is guaranteed to network comrades."

Since the organization puts down its roots in such a broad and deep way, would it not be possible to trace back the branches so, as to identify the regular cadres, the commanders and the political-military leaders? We have already seen how many barriers (through examinations, interrogations, tests and security checks) must be overcome when a comrade wants to enter the organization. But there are other rules that, at least on paper, are designed to prevent infiltration. One of the principal ones is "compartmentalization," the total separation between various units. Bases and supply locations must obey this rule: The least number of comrades possible must have access to headquarters and, in regard to neighbors, these visits must be justified by a social reason. It is recommended that a straw man be found for bases where operations are planned and where comrades are hidden. Working areas are considered as highly mobile structures. Consultation and updating of files, and technical work must be carried out in legal quarters where illegal material is transported only at the moment of use in a suitcase and all the rest of the material needed remains in place, justified by the legal activity being carried out.

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Notes Yes, Telephone No

Emphasis must be placed on this attention that the drafters of the "Regulations" have dedicated to the erection of a "legal facade" which will serve as a cover: Mention is expressly made of quarters and legal activities that can serve to cover illegality. What could this cover be? The rear areas of a shop, a lawyer's or architect's office, a bookstore, a private school? The "Regulations" always carefully avoid any reference to real situations, to localities or persons who could be traced.

Even the chapter dedicated to meetings stresses the criterion of secrecy. Meetings of comrades should not include more than four or five persons at a time. Meetings, which shall be "short, productive and secure," could also be held in the open if the area guarantees good visibility or in public places with two exits. Otherwise, they must be held in "bases for that purpose rented by the organization or in homes of comrades only if they are 'clean,' or better in network safehouses." The telephone is used as little as possible and only to receive messages in case of emergency. It is better to use notes left in agreed upon places or other systems.

The "Regulations" recommend studying a code to indicate places of appointment in the presence of third parties, on the telephone, or writing. It is recommended that a selection be made of three conventional names, for example, the station, the bar, the cinema, which will correspond to three different places prepared in advance. While maintaining the nomenclature, the actual place should be changed at least once a month." An ideal place is the heavily populated suburb, far from friends and enemies. Never wait more than 10 minutes.

The code will be useful for emergency situations. Agreed upon phrases will serve to indicate three degrees of warning: Prealarm (remove documents and and illegal material from the houses and maintain alert); alarm (cease all activity); danger (separate and move to other cities).

Comradeship but not Friendship

Even within the organization, contacts between guerrillas are subject to detailed regulations. "There must be no relations of a personal nature. These are tolerated among regulars of the same unit, but it is advised that each one release his tensions in localities not connected with the organization. Relations, however, must be limited to maintaining that level of comradeship and adaptation that is useful in action and work." In fact, in the past, personal relations had led to the "destruction of that 'gang of friends' of which they were a member," the drafters of the document recall. "In fact, there existed a creeping suborganization which advanced its own informal debate on everything. This was the first step toward personalism and added discontent to discontent."

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Finally, links to the masses: These must take place through the press, propaganda, presence in the movement. The unit that deals with this "is composed of the squads and the area that they activate under the leadership of the regular cells"; it promotes debate on the subject of armed struggle, it selects and recruits new cadres. For this reason, it must adopt "a legal facade that would link it to a political area." As a consequence, it is necessary to have a local newspaper, even if a national newspaper exists.

The final rules refer to the press and are among the most alarming: "The editorial office of the newspaper must be a point of explicit reference for comrades in the area. The legal editorial office must work under the control of a regular comrade."

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ITALY

MEMBERSHIP, STRUCTURE, FISCAL POLICY OF LABOR UNIONS

Milan IL SOLE-24 ORE in Italian 14 Nov, 19 Dec 78

[Article by Salvatore Col]

[14 Nov 78, p 3]

[Text] The Italian labor bureaucracy today has swollen just about as much as it dare swell: any fatter, and it would be quite unable to function at all. From the figures we saw earlier, though, we get the impression that the limit is about to be declared obsolete, since the average number of new hands coming aboard the apparatus is too high for any sudden drop to zero, or, in other words, to the ordinary level of attrition and turnover. As to where the new level may be set, there is a total lack of any procedure for replacement that would allow this bureaucracy to retain its functional agility, and at the same time immunize it against elephantiasis. Urgent adoption of this mechanism is rendered additionally advisable by the current slump in membership, after 10 years of steady rise in the rolls.

Theoretically, organized labor in Italy has two possible ways in which to stop the expansion of the labor bureaucracy: it can update its own leadership through cadre training centers, or it can make at least some of the union offices elective (in other words, have people in jobs for specific terms, then either re-elect them or pick somebody else). In fact, though, neither of these approaches will work: the first, because the union training centers enjoy no prestige whatever, nor do they command the necessary recognition to exercise a role of advancement and updating of labor cadre. Almost all the labor training schools merely pass along the in-house line, and none has the tools to foster high-level research and information.

The second approach (making at least some of the organization management jobs elective) is hampered primarily by the rigid

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compartmentalization of the Italian labor movement into party factions. Winning, in most cases, would be a matter of belonging to one of those factions, rather than one of any real leadership capability or management skills inside the apparatus, particularly since the political parties always have been and still are the main channel for coopting union officials.

Helping to make this approach even more unpromising is the very strong esprit de corps that unites members of the labor bureaucracy. As Bruno Manghi notes: "The union man can become an officer of the consensus because he belongs to a protected élite. Protected, because it is called upon to embody a legitimate and honored institution. [Missing words or sentences.]...capacity of the internal democratic mechanisms to jeopardize the leadership role, meaning the high stability of those roles. This is how the dominant pattern becomes that of the average politician: the one who gives with the ebb and flow of events so as to hang onto his consensus and his delegated power."

Moving ahead in our examination of the data on the bureaucracies, it is worth while to devote a good deal of attention to the phenomenon known as transfer (distacco): transfer comes about when all or some of the individual's remuneration for union work comes from his employer.

In addition to cadre transferred from production and set to work in the work place, the union also has an equivalent number of transfer people working outside the work places, within its own bureaucracy. Specific data are available only for the CGIL, but they will do to give some idea of how widespread the phenomenon actually is. Of the 5,301 officials working full time in the Federation Chambers of Labor, transfer people account for 1,510, or 28.5 percent of the total. If we apply that same percentage to the other two confederations, we can estimate that full-time official transferred from production number around 2,700.

In the CGIL, 934 transfer workers are paid by the union (all fringe benefits are paid by the company from which they were transferred), while the remaining 576 are paid in toto by the company. The CGIL tends to transfer out of production only politically knowledgeable cadre, and to look outside for its technical staff. Transferees from production added to the technical staff number only a scant 6.6 percent. Geographical distribution of transferees is also quite heterogeneous: it ranges from 186 in Liguria (85.7 percent of union officials) to 109 in Lombardy (12.8 percent) to 50 in Sicily (8 percent). Unfortunately, we have no way of knowing where the transferees come from (industry, agricultural services, civil service...), and it is difficult therefore to understand the underlying causes for the wide disparity from region to region, or the possible motivation that

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FIGURES FROM THE CGIL SURVEY

Information provided on the staffs of the 99 CGIL Confederal Chambers of Labor (union locals) in 1976 covering officials transferred from production and working full time for the union.

R E G I O N S	Transfer Officials Paid by the Union		Transfer Officials Not Paid by Union		Total Transfer Officials	Total CGIL Apparatus
	Polit.	Techn.	Polit.	Techn.		
Piedmont	103	4	70	--	177	392
Val d'Aosta	4	3	--	--	7	7
Liguria	99	7	54	26	186	217
Lombardy	71	--	38	--	109	853
Veneto	109	2	55	--	166	354
Trentino-Alto Adige	6	--	6	1	13	58
Friuli-Venezia Giulia	34	2	13	--	49	121
Emilia-Romagna	247	8	61	--	316	938
Tuscany	75	15	29	--	109	453
Marches	11	--	13	--	24	143
Umbria	15	--	8	--	23	77
Lazio (Rome)	31	--	45	--	76	320
Abruzzi	1	--	5	--	6	65
Molise	2	--	1	--	3	16
Campania	33	--	66	--	99	265
Apulia	20	--	17	--	37	204
Basilicata	4	--	5	--	9	42
Calabria	1	--	12	--	13	95
Sicily	18	--	32	--	50	568
Sardinia (*)	9	--	19	--	28	113
TOTAL ITALY	893	41	549	27	1510	5301

Source: Inca-CGIL data processing and statistical office.

(*) Data on Cagliari local not available.

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might lead a man to give up his own job simply to hold a post as a union official.

One bit of information comes through very clearly, though. In the South, the percentages of transferees to the total apparatus payroll are lower than the national average: of 1,386 officials (both technical and political), only 245 (18 percent) are transferees. In casting about for an explanation of these figures, we should mention the difficulties the union runs into in the South when it tries to insert officials from the work places into its internal official apparatus. Because of labor's lesser aggressiveness by comparison with the North, and because of the more recent emergence of industrial areas there, workers in the Mezzogiorno who are able and willing to take on management jobs in the union apparatus are far fewer than in the rest of the country. The many union training schools that have sprung up in the South, mainly because the CGIL wanted them, only rarely succeed in doing what they are supposed to do.

Further confirmation of this state of affairs comes to us from the figures on turnover in the apparatus in 1976 as compared with 1975. In northern Italy, political officials coming in during 1976 numbered 262, of whom 205 (78.2 percent) were transferees from production. In central Italy there were 48 new political officials, 37 of them (77.1 percent) from production. The situation is different in the Mezzogiorno, where out of 60 new recruits only 33 (55 percent) came from production. The remaining 45 percent consists of students or unemployed graduates. In today's labor bureaucracy "there is an increasing flow of educated people without satisfactory jobs, who see in the union not only an ideal chance, but also a fairly stable job opportunity with promise for self-fulfillment." (Manghi.) This trend is more marked in the South for the reasons cited, but it is substantial even in the center and in the North.

For the long-run impact on the social makeup of the labor bureaucracy, the phenomenon is beginning to cause some concern -- and not without reason -- inside the confederations themselves.

[19 December 1978, p 3]

[Text] When it comes to the more specifically sociological features of union apparatus (social background, original occupation, education), the unions are very cagey about providing information. With a little patience, though, it is possible to work out a reliable picture of their makeup, aware that the extrapolations we are going to make will not give us exact quantities, but will merely reflect reasonably probable trends. The labor organizations that are most generous with data in this area are the CISL (Italian Confederation of Workers' Unions) and the UIL (Italian Union of Labor). The CGIL confines itself to giving

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the age of its officials and the percentage of cadre who have never been in the labor world and have come into the apparatus over recent years. One last stipulation: the following figures still relate only to the political apparatuses involved in the horizontal and categorical structures of the CGIL, CISL, and UIL at the provincial level. For the CISL, we have some figures on regional apparatuses, on the national category leadership, and on the apparatus at the home office.

The CGIL's political apparatus consists of 1,703 officials under 35 years of age, 1,646 between 35 and 55, and 232 over 55. Among that last group are 72 officials over 60. In the CISL 403 officials are under 30 and 918 are over 50. There are no data on the remaining 421.

These figures reflect, albeit not in any homogeneous way, the three phases of the history of organized labor over the last 30 years. The first generation of officials (those over 50) is still numerous. These officials in most cases hold high posts in the horizontal structures, particularly. The second age group, the 35- to 50-year-olds, include the generation of officials who got their early start in the contract disputes of the Sixties. The last group, those from 30 to 35, are the youngest generation, largely made up of cadre who have taken part in and often often had a leading role in the worker struggles of the hot autumn. These officials are the "new blood" in organized labor, and most of them are active in the provincial category (vertical) structures.

On the whole, the average age of the CISL cadre man is slightly greater than that of his CGIL counterpart. This is particularly true in the Mezzogiorno, where the CISL, unlike the CGIL, has an average age in the apparatus than in the rank and file. The incidence of CISL organization men over 50 in the South is 20 percent, while for the country as a whole it is only 15 percent.

In the South, with the exception of Apulia and Sicily, the CGIL has a cadre group that is relatively younger than in the rest of Italy, because in this area many of the provincial Chambers of Labor have existed for only a decade or so. The union leadership, mainly grown up in the immediate aftermath of World War II, come mainly from the ranks of farm laborers, and are concentrated almost exclusively in Apulia and Sicily.

I have skipped over the UIL because this particular organization is a unique case. The UIL in fact does not have any of the cadre trained during the late Forties which is still running the CGIL and CISL today. Its bureaucracy consists largely of officials between 30 and 40, with around 10 years' executive experience. In other words, the UIL officials embody the experience of the Sixties, enriched with the bargaining background of this last decade.

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Another datum the unions, with the exception of the CGIL, are willing to release is the scholastic backgrounds of their officials. In the CISL 13 percent of officials have finished grade school, 33 percent have middle school diplomas, and 22 percent hold upper middle school certificates, while another 3 percent have college degrees. For the remaining 29 percent (519 officials) there are no data available. As one can see, the level of education in the CISL bureaucracy differs somewhat, though not excessively, from that of the Italian population as a whole.

These figures vary greatly if we consider the educational level of the CISL in the South. In this area, university graduates account for only 5 percent, and upper-middle-school graduates only 35 percent, while 29 percent have middle school diplomas and 12 percent have finished grade school. The highest level of education among CISL cadre in the South is to be traced to the non-union background of many cadre people working in the provincial labor unions (CISL's provincial structures). It should also be borne in mind that the widespread presence of the CISL in the civil service allows this organization to have, at the same time, cadre coming out of the laboring world and those with high-school educations.

In the North, where the proportion of working-class people in the CISL is higher, officials with college degrees account for only 17.5 percent, while 50 percent of them have high school diplomas.

A similar feature can be found in the CGIL as well, where, as we already noted, a very high percentage of new officials in the South, much higher than in the North, comes directly from the classroom.

An initial conclusion leads to the assertion that the intermediate echelons of the hierarchies of the CISL and CGIL do not differ substantially in levels of education. Levels higher than the average for the nation as a whole are found mainly in the southern regions.

In this instance, too, the UIL's apparatus is a case apart. Because of its heavy membership among technicians and office workers in industry and in the tertiary sector, this organization has no trouble finding officials in the working world (95 percent of cadre) with a high educational level. The fact is that 40 percent of UIL officials hold high school diplomas, and another 10 percent have college degrees. A great many of these officials have attended special institutes for skilled industrial workers, technicians and clerical workers, and surveyors, while those with backgrounds in the sciences are by no means rare (around 20 percent of the degree-holders). Another 37.5 percent of UIL officials have middle-school certificates. The high number of young and well educated officials in the UIL should also be viewed as

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SURVEY OF MEMBERSHIP OF CGIL-CISL-UIL GENERAL COUNCILS (1971)*

Original employment or profession	%
Professional, executive, of independent means	3-5
White-collar worker	36.1
Shopkeeper, tradesman	1.8
Worker (unspecified level)	20.7
Worker, specialized skills	11.9
Common, manual laborer	--
Farmer, grower	5.3
Farm laborer, hired hand	3.1
Student	10.5
Other	2.5
Not responding	4.6
T O T A L	100.0

* The General Council is the highest deliberative body in the labor organizations. It includes in large measure the following group of leaders: local secretaries, regional secretaries, provincial secretaries, secretaries general of national category federations, national presidents of the collateral bodies (Employers, Tourism, vocational training). The data shown in the table cover 286 of the 415 members of the three Councils.

Source: SINDACATO, February 1972, n° 1.

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an effort to recover the organizational and political initiative from the other two organizations.

While the school diploma is only partly an area of screening for the intermediate levels of the union hierarchy, it is a critical factor in advancement to the upper reaches of the bureaucracy.

In support of this assertion one need only cite the following figures. In 1974, out of 34 officials employed in the CISL's regional offices, nine (26.5 percent) were college graduates and 15 had high school diplomas. Moving up in the hierarchy, out of 73 officials working at CISL's central headquarters, 38 (53 percent) were college graduates and 27 (37 percent) had high school diplomas. High levels of education were also found in the apparatus of the CISL's category federations: out of 196 officials, there were 44 college graduates (22.4 percent) and 78 high school graduates (40 percent).

The CGIL and UIL have thus far provided no reliable data on their regional and national apparatuses. It is fair to assume, though, that these organizations would show trends identical with those just cited for the CISL apparatus, a trend that was borne out in an inquiry conducted by Filippo Battaglia back in 1971.

The results of that survey show that even then, the percentage of white collar workers and students with higher than average education was very high among the members of the CGIL-CISL-UIL executive councils.

I think that, in the light of all these data, we cannot but agree with what Giuseppe Della Rocca wrote recently: "The high cultural level, the declining trend in the group of people of working class backgrounds, the pervasive presence of white collar workers and students, the prestige and the social relations surfacing in the work of the union official place the full-time members of that rank very close, on the level of social status, to the middle classes."

To what degree does awareness of this status influence the behavior and shape the line of the Italian labor movement? The movement is going to have to start coming up with some answers to this kind of question.

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SWEDEN

LEADING BUSINESS PROGNOSSES PROVE INACCURATE

Stockholm VECKANS AFFARER in Swedish 14 Dec 78 p 7

[Editorial by Olle Fahlen: "Will the Trends Deceive the Prognosticators Again in 1979?"]

[Text] The economic forecasts of the National Swedish Institute for Economic Research [KI], the Federation of Swedish Industries [SI] and the SNS [Industrial Council for Social and Economic Studies] have in recent years been wide of the mark. If the margin of their error is the same in 1979 Sweden will have a growth rate of about 3 percent. (The most optimistic estimate is 5 percent.)

Sweden's reports of economic trends published this autumn reflect consistent optimism for 1979. KI expects a growth in the GNP of 4.3 percent. SI is a bit more conservative, but still expects 4 percent. Last Monday the annual report from SNS was published and that organization expects a growth in the GNP in 1979 of not less than 5 percent.

These are very high figures. Among the OECD countries today only Japan is expected to attain a GNP growth of more than 4 percent next year.

The Swedish prognosticators have not accumulated a particularly good record of forecasting in recent years. The autumn reports from KI, SI and SNS were significantly in error for 1977 and 1978.

The diagram shows the GNP forecasts. In 1977 Sweden's GNP fell by 2.5 percent. But in the autumn of 1976 all three reports forecast an increase. SNS had the smallest error, just 2.5 percentage points above the final outcome.

The prognosticators were clearly impressed by 1977's decline in GNP. In the forecasts of autumn 1977 for the year 1978 both SI and SNS predictions fell below the magical zero line. Instead, preliminary figures for 1978 show a growth in the GNP of 2.2 percent. KI's prognosis was the closest, but was still in error by more than one percentage point.

It is tempting to judge the 1979 predictions on a basis of results from recent years. Before 1977 they were at least a couple of percentage points too high

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and before 1978 they were a couple of percentage points too low. If it is now time for another exaggeration, a "realistic" forecast for the 1979 GNP should be about 3 percent.

There are, however, some more or less special factors which indicate that growth will be unusually high next year.

This past year the large improvement in the balance of trade--increased exports and reduced imports--explains a large part of the growth in the GNP (and also explains some of the errors in predictions). On the other hand the reduction of industrial inventory had a suppressing effect on the GNP.

Next year the balance of trade will be basically unchanged compared with 1978. But inventory reduction will in large measure be completed. According to KI the increase in inventory investment will cause the GNP to grow by 1.3 percent. Without the inventory effect the GNP predictions would be one to two percent lower.

Furthermore SNS expects a marked increase in private consumption (following decreases in 1977 and 1978 of a total of barely 2 percent). KI's prognosis amounts to 2.2 percent while SNS believes that the increase will be as much as 3.5 percent.

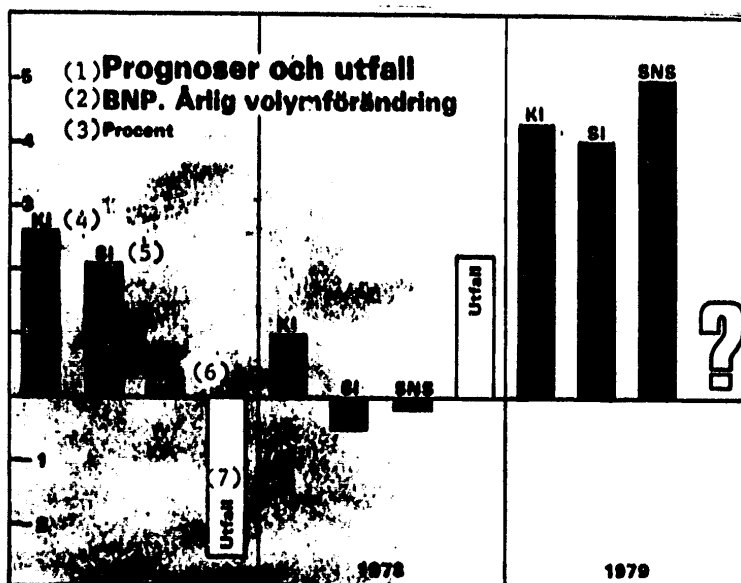
This will be attained through an increase in real spendable income of one to two percent, and the effect of the tax package will give an additional one percent. Furthermore a reduction in family savings of one percent is expected.

These high growth predictions should give new direction to the debate over economic policy. To enter a period of high growth with measures to stimulate the economy introduces the risk of causing a negative effect on the rate of inflation and the balance of trade.

The balance of trade is not, however, seen as a problem by SNS. It depends largely upon whether one supports official statistics. According to KI the total deficit in the trade balance for 1978 will be 7.2 billion kronor (compared with 14.8 billion kronor in 1977). But according to statistics utilized by SNS the Swedish balance of trade will improve substantially this year.

Then naturally it does not make much difference if it worsens by one or two billion next year due to an increase in the volume of imports by over 8 percent.

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Key:

1. Prognoses and results
2. GNP. Annual amount of change
3. Percent
4. National Swedish Institute for Economic Research
5. Federation of Swedish Industries
6. Industrial Council for Social and Economic Studies
7. Result

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WEST GERMANY

ACTIVITIES, STATUS OF EMIGRE POLITICAL GROUPS IN FRG

Hamburg STERN in German 30 Nov 78 pp 250-254

[Article by Uwe Zimmer: "Protective Hands from Pullach"]

[Text] A hundred and eighty-seven extremist groups with 60,000 members are using the FRG as a battleground against their native governments. Rightwing radicals, in particular, can count on tolerance from German Officials.

The vocabulary is reminiscent of blood, bombs and Baader-Meinhof. "Revolutionary life-and death battle," "Let us create revolutionary associations and groups," "The apparatus of the state must be destroyed with the dialectic of the word and with dynamite." But it is not home-grown terrorists, it is Croatian nationalists who are thundering such sayings. And Turkish rightwing extremists or Persian leftwing fanatics are playing the same tune. They are all misusing the FRG as a base for operations against those in power in their own countries--the communist Tito in Belgrade, the socialist Ecevit in Ankara and the monarch Reza Pahlevi in Teheran.

Of the approximately 4 million foreigners who live in the West German area, about 60,000 belong to 187 extremist groups, according to the most recent findings of the Office for the Protection of the Constitution. They call themselves "Croatian Republic Party," National Salvation Party," or "Confederation of Iranian Students," and terrorists actions like murder, manslaughter and bodily harm, attempts involving explosives and arson can be laid to the account of their violent adherents. Just the Croatians operating in West Germany are charged by the Federal Criminal Police Bureau (BKA) with 4 murders, 8 attempted murders, 20 crimes involving explosives, and 3 attacks in Yugoslavia with a total of 14 deaths.

This does not include the death of 35-year-old Radomir Gazija of Sarajevo, who lost his life on 11 November in Constance in a "tavern brawl" (as the police bulletin put it), shot by members of the Croatian "fascist-terrorist underground," as the Yugoslavian embassy in Bonn surmises.

Possibly the assumption is justified. For 1,700 members of the colony of exiled Croatians in the FRG, which is 15,000 strong, advocate force as a

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means of political discussion, in the view of the Ministry of the Interior in Bonn, and at least 100 of the extremists "tend toward terrorist acts."

But the existence of the criminal group of 100 would hardly have been noticed by Bonn if Yugoslav security officials had not seized the presumed terrorists Brigitte Mohnhaupt, Sieglinde Hofmann, Peter Juergen Boock and Rolf Clemens Wagner in May 1978. The government in Belgrade used the foursome, who were imprisoned in Zabreb, as pledges for its demand, which had been issued in vain for years, that Bonn should proceed more severely against the violent Croatian exiles. That the four Germans were then finally released is connected with the refusal to extradite eight Croatian leaders and the "unchanged scandalous generosity toward violent Croatian criminals" which still prevails, as a cabinet member in Bonn self-critically points out.

The attitude of West German officials toward extremist foreigners is as loose as the police and the courts are strict in letting all those who have been even marginally connected with terrorism, as occupiers of houses or as helpers, feel the rigor of the law, and as the Bundestag and the Bundesrat draw tight the meshes of the law to fight terrorism.

The Turkish fascist leader Alparslan Tuerkes was able to arouse his countrymen to murder unhindered: "Kill the communist dogs!" Ten thousand fanatical Ecevit opponents acclaimed the demagog at the end of October in Dortmund, around 1,000 in Berlin. It is true that the Tuerkes strike force "Grey Wolves" beat up those with differing political opinions in the Westphalian town of Hamm and demolished union offices in Hessian Russelsheim, but "indications of illegal action are not known to the Federal government," according to the secretary of state for the interior, Andreas von Schoeler (FDP).

But not all foreigners are treated as generously as the right wing radical Turks. Refugees from Chile, for example, are carefully investigated to see if they could possibly endanger the basic free democratic order of society. Only those who do not fail the test of political opinion are allowed to enter. And representatives of black African freedom movements who wanted to go to Bonn for an antiapartheid congress were only admitted to the country after lengthy grilling. Even in the case of opponents to the Shah among Iranian students, officials register every activity with painful precision. Report of the Office for the Protection of the Constitution: "In this report year, increasingly close links between Iranian resistance groups and German 'K' groups were found."

Secretary of State von Schoeler does not wish to perceive the difference in treatment for leftist extremists and rightist fanatics: "The Federal government always applies the standards and criteria of the law concerning aliens."

Yet no one knows the bitter truth better than the Free Democrat Andreas von Schoeler. Since the beginning of October a task force on "exiled Yugoslav extremists" of the Ministry of the Interior has been working on

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a report about their activities on German soil. The chancellor had ordered the dossier after he had repeatedly requested in the cabinet that the Croatian leader Stejpan Bilandzic should finally be "put on a leash." It is true that the men in Bonn had refused to extradite Bilandzic to Belgrade because he was involved in a criminal case in Cologne, but they intended to control his behavior in future, according to their promise to Yugoslavia.

But because Bilandzic continued to participate in issuing proclamations, to give press conferences and hand out mocking poems (sample: "When we protest a dictator's sway/ we should not be surprised this way"), the chancellor wanted to know exactly what had been done in the FRG against the violent ringleader. The result of the expert report is also the basis for the "rabid counterattack" (FRANKFURTER RUNDSCHAU) from Belgrade.

Although Bilandzic--who came to the FRG illegally in 1958 from Yugoslavia--had come into conflict with the police 17 times in all, and had even been sentenced to 3 years in jail in 1964 because of a crime involving explosives, the authorities permitted him privileges: he was allowed to study at the Pedagogical College and rise to become director of a dormitory for foreigners. He was even further educated in Cologne-Porz as a social pedagog after the police had discovered an arsenal of military weapons in his house. And although as early as 23 November 1965 all political activities had been forbidden to him, he was able to travel unhindered to make proclamations and attend demonstrations, to publish inflammatory pamphlets, to acclaim airplane hijackings and other attacks against the hated Tito regime. A tardy realization by the minister of the interior in Bonn: "Bilandzic is at this time one of the most important leading figures in extremist Yugoslav exile circles."

Alarmed by the list of the Croatian's sins, Interior Minister Baum gave to the appropriate colleague in Dusseldorf, Burkhard Hirsch, the urgent "recommendation" that he should institute charges against Bilandzic because of constant violations of the ban on political activity, and to take police surveillance measures as a precaution.

This appeal awoke no response. On the contrary: on 17 October the North Rhine-Westphalian authorities issued him a new alien registration card and a 2-year visitor's visa. The reason for this sounds like mockery: "This decision assumed that the presence of Bilandzic did not jeopardize the concerns of the FRG."

Bilandzic knew how to use his new freedom. He journeyed to a Croatian meeting in Amsterdam, and collected money in the Croatian stronghold of Chicago, until the Americans showed him the door after 5 days. There is a plausible explanation from the Dusseldorf Ministry of the Interior of why the Croatian was treated so generously. For years the Federal News Service (BND) in Pullach had worked closely with the Croatian exiles and had placed protective hands over the emigrants. "And this made an impression on the authorities."

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WEST GERMANY

GOVERNMENT'S DOMESTIC SURVEILLANCE PROGRAM REPORTED

Hamburg STERN in German 16 Nov 78 pp 73-78

[Text] The railway station post office in Munich is at Hopfenstrasse 10. At 7 o'clock in the morning a blue Volkswagen bus with license plates "M-AW 2249" pulls into the yard of the post office. Two men in leather jackets climb out and disappear into the post office. Minutes later they push a cart filled with bulging bags to the vehicle. "Deutsche Bundespost" reads the inscription on the jute bags with the black, red and gold stripes. Their contents--thousands of letters from Hungary, Romania, the CSSR and Yugoslavia, addressed to persons in Munich and the surrounding area.

The leather-jacketed men load the mail into their car and drive off. Their destination is 1 kilometer away. In the courtyard of a house at Schwanenthaler Strasse 91 the bags are unloaded and dragged into the office building. Here resides the Munich branch of the "Main Administration for Special Data Processing," Bonn 2--an agency that cannot be found in the Munich telephone directory. The information officer of the Munich postal administration, Johann Meier, is also unaware--"I must pass on this matter. I know nothing about it."

Eight hours later the two men--it's 3 pm--drive the mail bags back to the railroad post station. Their blue VW-bus has been registered in the name of the Munich insurance representative, Harald Becker, who told STERN on the telephone: "I have a red Sirocco."

Munich is not an isolated instance. Every day in many West German metropolises camouflaged official vehicles transport letters to mysterious offices with names such as "Administration of Federal Property/Special Property" or "Research Office for Foreign Affairs." These are branch offices of the Federal Information Service (BND), headquartered in Pullach near Munich. Here selected letters are read, letters sent by West German citizens to countries in the East bloc, and letters addressed to West German citizens. The BND makes copies of the letters, registers senders and recipients. All information, millions of bits of data, are then forwarded to the BND headquarters for evaluations.

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Best Helpers for the Intelligence Officers Are the "Negroes"

Junction points for postal traffic from the East bloc are the so-called postal dispatch centers. Letters from the GDR arrive in Braunschweig, Bebra, Hof, Hamburg, and Berlin. Air mail from the Soviet Union lands at the airfield in Frankfurt. Messages from the CSSR, Hungary, Romania and Yugoslavia are received in the main post office in Nuernberg. From the GDR alone more than 100 million letters arrive annually.

But not only mail is under surveillance. Anybody who telephones an Eastern country or receives a call from there can be fairly sure--the BND is listening. The intelligence agents have installed their listening devices in the switching stations of the federal post offices. The "negroes" (bureaucratic jargon) 40-centimeter-long boxes full of electronic equipment which allow the listener to bug every conversation. From the long-distance switching centers, direct lines run to the control stations of the BND. There bugging experts with expensive, high-quality headsets sit and simultaneously listen in to four conversations. Everything that seems to be of interest is recorded on cassettes.

And for the men from Pullach just about everything seems to be of interest. This is true to the motto of the chief of the BND division ID Section 2 (Acquisition Soviet bloc, control of post and telecommunications) who goes by the cover name of Colonel Gerverth: "To survey extensively all that we can get."

The material that Mr Gerverth has processed into hot information seems to be rather modest in this connection. For example, his section deemed noteworthy a letter from a GDR citizen, dated 2 November 1976. It read in part: "During the last maneuvers the Russians again acted like swine; they stole potatoes, etc. But the comrades always maintain that the Ivans are our best friends. You can believe me that we would gladly do without such friends."

Or a letter dated 4 November 1976: "Our supply has been satisfactory for some time, but of course it's not as good as in the 'capital.' Of course, one needs three times as much there because foreign diplomats have to be shown the 'world standard' and the bosses also have to make a living."

But the acquisitioners of the BND do not limit themselves to such vignettes that can be read in every newspaper when they compose the secret messages. Quite consistently they survey correspondence and telephone conversations between Germans east and west. Thus the department "Acquisition Soviet bloc" reports of a 28-year-old kindergarten teacher who since February of 1977 "has repeatedly had contact by letter and telephone with her fiance in the FRG" and describes in detail the difficulties that the young woman has had in her attempts to get an exit permit from the GDR.

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Such information is recorded on special forms, preprinted with the title "Confidential Report of an Information Service--Official Secret." On the upper and lower edges of the form a red stamp with the inscription "G 10" has been printed. This is to signify that the report has been gathered by circumventing the principle of mail confidentiality established in Article 10 of the Basic Law as one of the basic rights. It can only be broken according to the so-called "G-10 law" under precisely established circumstances.

The bugging law in Paragraph 3 allows the BND to open letters and listen in to telephone conversations without probable cause. But only "for the collection of intelligence about situations the knowledge of which is necessary for the timely recognition of a danger of armed aggression against the Federal Republic of Germany and for the meeting of that danger." And Paragraph 2 stipulates that "knowledge and materials [thus obtained] cannot be used to the detriment of individuals."

Law Is Circumvented Under Slogan of "Official Assistance"

Many forms of the BND bear a second stamp. This time it is green and bears the words: "German Services Are Informed." Behind these four simple words is hidden the second scandal of the BND's millionfold snooping. For the men from Pullach, whose only purpose in life is the gathering of intelligence in hostile and friendly foreign countries, send to their colleagues of the Protection of the Constitution and the Military Counterintelligence Service (MAD) news about FRG citizens they deem to be security risks.

But this is precisely what the legislators have forbidden. In remembrance of the omniscient Reich Security Main Directorate of the Nazi era espionage abroad and counterintelligence at home were assigned to two independent agencies. But bureaucratic usage has caused the blurring of these separating lines under the label "official assistance." And nobody has control over what is happening in this twilight zone of the secret services. The basic law and the G-10 Act have long been shot full of holes.

The former vice president of the Federal Constitutional Court, Walter Scuffert, has long been convinced that there cannot be any legal postal surveillance "that could justify investigation by the bagload." But the standard procedure in Bonn goes like this--the BND in Pullach justifies its requests for information by compiling a list of "danger areas" that is forwarded through the Bonn Defense Ministry to the Federal Interior Ministry. The list as a rule contains the member states of the Warsaw Pact. From there danger always lurks, maintains the BND's president, Gerhard Wessel, whose favorite term is "the swindle of detente."

Causes for requests for "strategic surveillance and intelligence" have been the election of the federal president in West Berlin and the conflict between Egypt and Libya. The shopping list of the Pullach buggers is then

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given the blessing of the G-10 committee of the federal parliament that is supposed to supervise the breaches of the confidentiality of the mail and telephone. This committee is composed of Dr Friedrich Vogel (CDU), chairman; Helmuth Becker (SPD), vice chairman; Dr Walter Althammer (CSU), Heinz Pensky (SPD) and Dr Friedrich Wendig (FDP).

Once the danger list has been approved, BND acquisitioner Gerverth goes to work. Gerverth, who likes to bicycle around the Pullach compound, has his own views regarding the G-10 Act: "We make extensive use of the authority granted."

It will remain a secret of the BND what the following reports, selected by Gerverth's acquisition section from the GDR mail, have to do with an armed aggression from the East against the NATO countries. For instance: "W. no longer thinks that our third request will be approved. Now only Loewenthal or the United Nations can help..." (A letter dated 15 November 1976) Or: "But the comrades reacted very angrily to Biermann. Most only know that he does not think highly of the SED...." (A letter dated 20 November 1976)

Responsible for the illegal transfer of the BND's information to the Verfassungsschutz and the MAD are BND officers Dr Wernberg, Juettner and Fleming. In Pullach the information from the mail and telephone surveillance is forwarded to the "Personen-Bereichs Archiv" (human intelligence archive) and to the "SPE" ("Sachbezogene Personenerkenntnisse fuer Tipgewinnung und Anwerbung") (subjective personal identifications for information gathering and recruitment). In plain language: The BND distills from letters and telephone conversations information about citizens who could be of interest or persuadable for recruitment as informants--both in the GDR and in the Federal Republic.

As Far as the G-10 Committee of Parliament is Concerned the Spy World Is in Order...

How far the practice of Pullach has moved away from the theory of the law is demonstrated by the almost naive commentary of the Federal Ministry of the Interior to the G-10 Act. The possibilities of the BND are commented upon as follows: "This surveillance potential is, however, limited, since no agency charged with the maintenance of internal security, especially with defense against unconstitutional attempts, can make use of it. It can be used only by the foreign intelligence service within the framework of its limited authority." And for the pacification of the citizenry it goes on to say that BND surveillance can "only be authorized for specific and exactly definable individual cases within the postal and telecommunications traffic."

As far as the five members of the Bundestag comprising the G-10 Committee are concerned, the world of the spies is in order. Committee chairman

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Friedrich Vogel (GSU) says, "Should we hear of recruitment procedures we would tell the federal government--you cannot do that." To be sure, the inspectors have not yet personally inspected.

Dr Manfred Schueler, chief of the Federal Chancellor's Office and supreme political boss of the BND takes a more flexible view. He said to the STERN, "Nobody can demand that the evaluators should close their eyes when they come across information that is important to the Office of the Protection of the Constitution and the MAD. Of course this information has to be turned over as rapidly as possible."

Schueler does not consider the official commentary of the Interior Ministry to the G-10 Act "the spirit of the law, I do not even know the commentary."

Even within the BND there have been sharp discussions regarding the massive snooping. The favorite--because it is the only bug-proof place--for such conversations on the Pullach compound has been a meeting "over a beer on the Ladenstrasse" of the cantonment. But such internal rebellions have changed nothing.

Two hundred fifty employees of the BND department 1 D 2 are busy with the control of mail and telephone. They steam open the envelopes or roll the letters within the envelopes with the aid of a special device, pull the letters out of the side of the envelope, and reinsert them after reading.

...But the Experts Are Preparing New Attacks on Mail Confidentiality

Among the secret service people there rages a dispute that has not been solved to date, namely, whether a wooden or an ivory needle is better for rolling out the letters. In the meantime BND technicians have brought a machine into action that can light up the letter from Aunt Emma in Leipzig to her nephew in Castrop-Rauxel.

Newer and newer devices for electronic snooping are being developed in Munich's prestigious suburb of Stockdorf. A high fence and an iron gate prevent the curious from entering the "Telecommunications Technology Institute" and the "Federal Office for Telecommunications Statistics" at Wanneystrasse 10, characterized by a tall antenna.

In the suburb wild rumors are aloft--even a rocket base is supposed to be located there. In reality it is the tinkering shop of the BND buggers. Together with specialists from the army they work on new devices for an attack on mail confidentiality.

In 1962, during the Cuban crisis, the American intelligence service CIA had all letters going from Germany to Havana opened and read. Foreign intelligence in Germany was at that time still firmly in the hands of the Americans. When the case of the Cuban letters became known, a storm of

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public indignation ensued. The CIA's coup was the last incentive to have the Germans themselves embark on the snooping into letters and telephones, under the close supervision of parliament and a supervisory body, to be sure.

The G-10 Committee was installed in office in 1968 just as the so-called "Committee of Three" which is charged by the Bundestag approving and supervising all bugging and control measures. The Cuban action was never again to be repeated.

But even in 1978 "Cuba" is a daily occurrence. According to the cautious estimates of an expert of the SPD fraction, at least 1 to 2 percent of postal and telephone traffic is under surveillance. For the correspondence from the one Germany to the other this means a daily snooping in up to 10,000 letters.

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WEST GERMANY

PANEL DISCUSSES UNEMPLOYMENT, LABOR MARKET

Hamburg STERN in German 30 Nov 78 pp 92, 94, 96, 98, 100, 102

[Text] At a forum organized by STERN in Hamburg a union representative, a professor of economics, an industrialist, a banker, and a labor market analyst took positions. Afterwards they engaged in discussions with politicians, economic experts and journalists. Here are excerpts from the minutes:

Prof Armin Gutowski, president of the HWWA Institute for Economic Research in Hamburg: As far as I am concerned, the "sacred cow" of full employment can be butchered. We would do well to recall the time immediately after the [Second World] War. In those days everybody was fully employed--and even if the job involved nothing more than to exchange a sack of potatoes for a few bed sheets. Everybody was employed, but our country was economically in ruins. In developing countries, too, there exists "full employment," but only in the sense that there even children are sent into the streets to go begging or many tradesmen loiter about hoping to be able to swing a little deal now and then.

The East Bloc countries, too, have full employment, for if the government can order what people are supposed to do, they will in fact work, though frequently without much purpose and not very efficiently.

All of this cannot be what we are after. The famous English economist Keynes said: Unemployment can be eliminated by letting people dig holes which afterwards are filled up again. That kind of employment, however, has been recognized as nonsensical. For in that case one could simply pay unemployment compensation and save people the digging of holes.

What we need is an economy which is efficiently fully employed. And that could be attained if there were more profitable production possibilities for the employers. When the profit incentive is there, entrepreneurs will invest and create new job openings.

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I do not believe that the entrepreneur today has become a television entrepreneur, who does nothing but sit in front of the television waiting for the announcement of an economic upswing. He is rather able and willing--if this were not so, we could throw our economic order overboard--to make use of all profitable production changes. In this sense, I am appealing to the entrepreneurs to pool their creative and innovative forces and really try to use all chances that exist.

But it would be onesided to appeal only to the entrepreneurs. In order to test whether entrepreneurs are still entrepreneurs and whether our economy is still functioning, we must also appeal to the employees. They ought to let it be known for a longer period of time that they will give entrepreneurs the chance to produce with better returns. If the unions are worried that in so doing distribution is shifted too much in favor of the entrepreneurs, they should think about a system of profit sharing with the simultaneous sharing of the employees in the risks involved.

Then the workers will have a share in the profit if there is investment and successful production. In that case, however, a part of the risk will be taken off the shoulders of the entrepreneur so that he is, indeed, able to invest.

I am in favor of not giving in to fatalism, but rather to give the market-economy path still another try. Our economic order has proved itself for so long that, I believe, it would be very, very hazardous to throw it overboard just now even in the presence of an unemployment situation which has existed for some time.

Dr Dieter Mertens, director of the Institute for Labor Market and Vocational Research of the Federal Institute for Labor in Nuernberg: For 3 to 4 years we have had an annual average of a million unemployed, and the wildest ideas are connected with this figure; for example, the idea that there are a million people of whom every single one has been unemployed for 4 years and is unable or unwilling to find a new job opening, while all the other 21 million workers are not endangered and are employed without interruption.

Reality looks different: Every year 5 to 6 million people are looking for a new job opening in a new firm, either because they were dismissed, have quit themselves, are newcomers to the labor market as adolescents or married women, or because they are forced to give up an independent profession. If one adds those who find another position within their firm, we are talking about something like 10 million people who once or more often during the year change their place of employment.

Between 2 and 3 million citizens go through the experience of unemployment every year in so doing--for a shorter or longer time period, 6 months on the average. A growing number--now already a quarter of a million--are unemployed for over a year. Moreover, not all unemployed are registered statistically. The statistical key date figure of a million unemployed, therefore, does not convey the complete picture.

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What are the causes for the underemployment? Until 1973, the number of people fired and hired were approximately in balance. In 1974, the number of dismissals for the first time surpassed the number of positions filled by about 600,000, and in 1975 this difference amounted to more than 1 million. Since 1976, the number of dismissals and the number of positions filled are again in balance on an annual basis, but the gap from the years 1974-1975 has not been filled again. If our economy had grown by 6 percent every year for the past 4 years, this would have been sufficient to attain full employment once again. Unfortunately, however, the upswing in production since 1976 is not strong enough.

We must add that since about 1973 we have not shortened the general working time in the Federal Republic as much as we did in the preceding years. Had we continued along the same lines as during the years 1950-1973-- during this time we shortened our working time by more than one-fourth-- unemployment would be lower than it appears to be now.

But the current unemployment as the result of a gap in economic growth in 1974-1975 is not at all the dominant problem for the future. Demographers calculate that during the next 10 years the population in the FRG will decrease by 3 million people, while the number of German workers will increase by 1 million. The demand for job openings, in other words, will continue to go up. If, however, during the coming years we have economic growth that is barely sufficient to keep the balance between dismissals and number of positions filled, this means that we will be shoring up unemployment by this 1 million additional workers which the next 10 years will add to the labor force: to the figure of 2 million. If the growth rate of the economy falls under 3 percent, the number of unemployed will be correspondingly higher.

The so-called pill bend, that is the sharp decline in the number of births in the sixties, will not produce an effect on the labor market until the 1990's. Not until then will labor be in short supply once again, if in the meantime there is neither accelerated growth nor greater reductions in the working time nor a moderation in productivity progress.

Karl Otto Poehl, vice president of the German Federal Bank: Just a few years ago we had a problem in the FRG which caused us a great deal of worry: the problem of the lack of manpower.

Today one must ask oneself the question: What has changed since that time that we now have to talk about unemployment as a permanent phenomenon or at least the possibility of unemployment becoming a permanent phenomenon. In my view, the change has to do with the fact that in 1973 we experienced a great shock with regard to the entire world economy; a shock that actually is comparable only with the crisis in the world economy in 1932-1933. In 1973, we experienced the collapse of the international currency system and

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a quadrupling of the oil price as the consequence of the preceding worldwide inflation. This led to the recession of 1975, whose consequences not only in the Federal Republic--but also in the Federal Republic--have not been fully overcome to this day. The question is: Does one have to accept the level of unemployment produced by the recession? And are there trends that suggest that this figure--as the result of a change in the development of the population--will perhaps even grow? Surely these are serious problems. But I take the view that we should also not make them more dramatic than they are.

During the fifties and sixties we succeeded in coping with much greater changes of this kind. During the fifties we had to take in many millions of refugees from the Eastern territories. During the sixties we also successfully coped with the considerable structural change in agriculture, as a result of which 1 1/2 million people left and became assimilated elsewhere. In other words, the fact in itself that during the next few years there will perhaps be a demand for an additional 1 million job openings, it seems to me, should not worry us too much.

The question of technical progress, too, we should not overestimate. The problem of technological unemployment has been brought up again and again: in the 19th century when machines came into being; in the twenties when the assembly line was introduced; in the sixties when automation seemed to threaten jobs. But the result of all of this in the end was well-being and full employment.

I do, however, view with a certain amount of apprehension the fact that we in the FRG, too, are embarking upon a discussion which involves certain features that are opposed to rationalization. I believe that, among other things, we owe our economic upswing during the postwar period to the fact that, in contrast to other countries, rationalization and progress in productivity were welcomed and positively accepted by all groups in the FRG. It would be very regrettable if, as the consequence of unemployment, there would be a change here--perhaps in the direction which we have experienced in Great Britain and which led to very negative results there.

Another aspect which is of importance for the prospects of growth, and which is responsible for the fact that we have experienced a slowdown of growth, involves the currency exchange rates. Since the end of 1972, the value of the German Mark has appreciated by approximately 60 percent against the dollar and almost doubled in relation to the English pound.

If one considers the tremendous outcry that took place in the FRG when in 1961 the German Mark was revaluated by 5 percent--in those days people foresaw the ruin of the German economy--one can perhaps surmise after all what these enormous changes in the price relationships in the world mean for a country which exports more than a quarter of its total production. Connected with this is the fact that the German economy today has just about the highest cost level of all industrial countries. The reason for this is not the

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fact that wages increased faster in our country than abroad. That is quite out of the question, on the contrary. Wages climbed faster in almost all other countries during the past few years. There is hardly a country which this year has such a low wage increase as the FRG. The reason for our top position when it comes to costs is, of course, first of all the fact that an export nation must calculate the wage level in dollars, that means in other words in a comparable measuring unit. Here the enormous revaluation of the German Mark makes itself felt.

Among other things, this has led to the fact that profits in the FRG are a great deal lower than in comparable countries. Measured against sales, they are less than half as high as in the United States. Nevertheless, I feel that one should not dramatize the problem of unemployment; for it has turned out that at least a part of this problem can be solved through greater economic growth. An example of this is the United States, where it proved possible to increase the number of jobs during the past few years by 5 million.

However, I take the view that this problem cannot be solved solely by using the instruments of economic policy, but that policies affecting the structure assume increasing significance, that the so-called problem groups must be dealt with much more intensively--unemployment among the young, older employees, the physically handicapped--that this will perhaps be the most important economic and sociopolitical task of the next few years and that probably the success or failure of the political forces, too, will be measured by their solution.

Prof Dr Rolf Rodenstock, president of the Federal Association of German Industry: The elimination of jobs through rationalization is by no means a goal of the enterprises, but rather the goal is to maintain the ability to compete. Rationalization also brings with it a whole series of positive effects which are not always seen correctly because it is said: Through this or that technical improvement, jobs have been eliminated again. In so doing, it is forgotten that every rationalization presupposes extensive preparations, development and planning phases, which require additional and, what is more, qualified workers.

Through the building of new machines, new employment possibilities are created. Thus it can be demonstrated that the production of investment goods is more wage intensive than mass production which subsequently carried out with machines. Here, then, rationalization contains a plus effect.

Those who complain about insufficient demand, insufficient economic growth and, as a result of this, insufficient possibilities of employment, should keep in mind that it is precisely rationalization moves which frequently create new demand. For demand is not a fixed magnitude. Demand, that is the ability and willingness of the market to absorb, depends decisively on the prices of the products. If, in other words, say, we are able to offer

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substantially cheaper electronic installations through rationalization, to produce less expensive teletype machines, for example, through the use of microprocessors, there will also be an increase in sales and production. In short, more such products will be purchased. Pocket calculators are a typical example of this.

The development and production of new products--in short, innovation--that is after all the decisive question for our economy. Research and development projects should be supported in every conceivable way in order to make use of the employment and sales possibilities that are present here--beginning with the solar cell to broadband communication, from the enormous progress in the medical field to laser technology.

But in the area of the production of customary goods I still see chances for growth. Those who speak of market saturation are always looking only at certain standard consumer goods. Yet even there a certain demand for replacement and improvement exists. I would say that in the sector of housing construction, the construction of private homes and their equipment--especially if one thinks of the young people just now entering their working life--a large demand is present. There are many plans to mobilize this--for example, through investment help. A great deal could be done here.

Besides we have the foreign market. The world population is constantly increasing. If the share of German products in the increasing demand could be strengthened through advantageous production, through good development of innovations, I still see infinitely many possibilities, not last of all in area of investment goods. If we produce at low cost and efficiently here, there will be employment.

One more word on the labor market. Not a great deal is noticeable in the way of an excess of workers. I would like to give an example from my own enterprise: In our Ebersfeld plant, 30 kilometers east of Munich, we have been looking for 60 untrained workers for 3 months. To date we have found only five--in spite of excellent transportation connections--and those were foreign female workers. The job listings in newspapers suggest that there is evidently also a great shortage of skilled labor.

For this reason, I believe that a shortening of the weekly working time would have precisely the opposite effect from that hoped for, that is, no increase in employment, but rather less employment. If, for example, my 300 toolmakers work less or would not be allowed to work overtime, then there would be less employment for the subsequent production and for work on innovations. This must be very carefully considered in connection with the shortage situation that exists with regard to skilled workers, so that the baby is not tossed out with the bath water.

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Eugen Loderer, chairman of the Metalworkers Union: Time and again it is insinuated for the unions to have demanded that the employee must have "his" job guaranteed. That is wrong. We know very well that it is not possible for an employee to keep the job he has forever, that is until his retirement. But he does have a claim to "a" job. For one of the fundamental rights of man is his right to work. And this right can be realized only through full employment.

The programs of the German Labor Union Federation (DGB) aimed at the elimination of unemployment, grossly simplified, are: Acceleration of qualitative economic growth, technical change without social hardships and reduction of working time.

In our struggle for the reduction of working time, we have already in earlier decades done a great deal for the maintenance and creation of jobs. It took us nearly 11 years, to be more precise from 1956 to 1967, to reduce the workweek from 48 to 40 hours. The situation, therefore, is not that suddenly a new variant lies before those in positions of responsibility, like a monster which one could not handle.

That costs and wages have increased I do not want to argue. Otherwise I would virtually have to call into question my union experience and activity, and I am not dreaming of doing that.

It is known that reductions in working time always take place according to plans involving a series of steps. I cannot imagine at all that when a union demands the 35-hour week this could be realized at one stroke in the context of the next change in the wage structure. Through the reduction of the workweek plus the extension of the vacation provided for in the wage agreement, we have--for the period of time I have mentioned--increased the number of employed in the metal-processing industry alone by half a million. Without these measures in regard to the reduction of the worktime, the employment situation, measured by the incursions that have now been added, most likely would be very different, that is, a substantially higher number of unemployed than we now have. The thesis that an increase in profits would automatically bring about a reduction of unemployment, it appears, has not been confirmed during the last few years.

For us, of course, wage equalization is an integral part of the question of the reduction of worktime. We do not think much of unpaid part-time work--which is what it would have to be called if it were done without wage equalization.

All of this, however, has nothing to do with an additional cost burden for the employer side. Rather a part of the latitude that is available during wage negotiations for increases of the hourly wage is used for reduction of worktime. In so doing, a part of the wage increase is "paid" not in cash, but in the form of more leisure time. This we have also already practiced in connection with earlier reductions in the workweek.

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Ever since unions have been in existence, the question has been raised: "What will the worker do with still more leisure time?" It was asserted again and again that reduction of the workweek entails a great danger for the worker, that the worker does not know what to do with this time, that he would kill it in a bar; and whatever other figures of speech were used. However, they are really appropriate only for the last century. For everyone knows what in fact has been the result of the reduction in the workweek.

We now have the free Saturday. Not a single person is willing to sacrifice it.

We have concentrated cultural and sports events on Saturday. Sunday has been freed for the churches. What all did not happen formerly on Sunday morning! I could do a song and dance about this based on my experience with my own organization. Entire new recreation industries have been added. The stimulation of demand as a result of more leisure time is unmistakable. The positive effect of additional leisure time on family life is without question.

Today we no longer have such a prospering economy as during the fifties and sixties. But where it is possible, we should nevertheless proceed with the reduction in working hours in a measure and reasonable way. I can imagine that a reduction of working hours in the railroad and steel industry, where we have experienced an acute and deep crisis for years, given a measured first beginning, could have extraordinarily positive effects for the employment situation in this branch. There would be fewer dismissals.

Let me draw a political conclusion: We have firmly-established forces in the FRG parliament and in the state parliaments, and we have a government that is capable of functioning. In spite of many difficulties which we do not want to embellish at all, the economic and political circumstances are on the whole stable. The FRG is not rocking along the edge of a precipice, and it will not land there even as the result of further reductions in working hours.

The Discussion

Henri Nannen: In the first book of Moses in the third chapter, the 19th verse begins with the words: "In the sweat of your face, you shall eat your bread." Those who regard this as the biblical promise of full employment do not have the context in mind. At issue is the expulsion from paradise, in which, as is well known, there was no work. Work in the sweat of the brow was a curse; it was God's punishment for man, who had eaten from the tree of knowledge.

In the meantime, we have picked a good many fruits from the tree of scientific and technical knowledge. That has produced more and more work for us, but prosperity as well.

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Now it looks as though this development is going to overwhelm us: More and more activities are being taken over by machines, automats, computers, and most recently also by microprocessors, and less and less work remains for man.

Now that work, as it were, becomes a commodity in short supply, it appears to us suddenly as a blessing; it is no longer a curse, but a value in itself. And unemployment has become the scourge of mankind.

Now I ask myself, why in fact the right to work and why not the right to a decent human life with as little work as possible? Would it not be better to make purposeful use of the working power and working time freed by technology in the private or public domain so that all of us would have more time for ourselves or for each other; assuming that we would succeed in distributing equitably the remaining work, the remaining working time, as well as the fruits thereof?

Prof Kurt Hansen, chairman of the board of directors of Bayer AG (Bayer, Inc.): We should say in general: There exists a moral right to work. What would life be without work? Imagine we were living in paradise, with nothing to do, and would do nothing but laze around. We would be able to stand this kind of life for a week or two, or perhaps even three, during a vacation, but certainly not for a lifetime. The good Lord gave us a brain. It enables us to think, to do work. I believe we have the damned duty and obligation to see to it that people think.

Now to turn to technical progress. The basic question actually is: Does technical progress destroy jobs or does technical progress create new jobs? Ladies and gentlemen, basically we would be wretched men without technical progress. Through technical progress we have increased life expectancy from 30 to 70 years within 100 years. Through technical progress we are hale and hearty in spite of our age. Through technical progress we have gotten rid of heavy labor. All these, after all, are advantages.

Let me mention the reduction of working hours as the last point. Mr Loderer, somewhere an end to the reduction is also called for. Expressed in the opposite way: I believe, everyone needs a certain amount of work. Sometimes it is a good thing to take an extreme as example. Let us assume that we would work only 3 days a week. Don't you believe that at least 50 percent of the people would take on a second job for the other 3 days? But you don't create new jobs in this way. In New York, we have cases where many plumbers hold down two jobs. During the first half they work for the Meier company, the second half for the Jones company. We cannot keep people from working. I said at the outset: Without work, man is unthinkable.

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Nannen: The electricians' union in New York at the moment is fighting for the 25-hour week, with a guarantee of 5 hours of overtime.

Hansen: That approximately will be the end result!

Alexander Schoen, commissioner-general of the Hamburg firm Rud. Otto Meyer: Mr Loderer, when in agreement with the unions we reduced the working hours from 48 through 45 to 42 and finally to 40, we had extra costs of between 20 and 35 percent. That was during the same time period when the reduction of working hours took place.

Due to the weaving of the famous net of social security, the additional encumbrances in terms of personnel costs today have risen to 70-80 percent. Our piecework costs, with 19 German Marks the highest in the world, amount to approximately 8 marks of additional personnel costs, compared to 1.70 marks in Great Britain, an industrial country which in terms of its output capacity may be rated as being similar to the FRG.

None of the gentlemen, Mr Poehl included, has taken a position with regard to the question of how in the future these costs can be digested by the national economy--I won't even speak of the employers or the economy as such--an economy which, as you yourself have said, is dependent not only on domestic demand, but to the extent of more than 25 percent on foreign demand. Those who demand a reduction of working hours must also substantiate why these cost increases are defensible.

Prof Dr Eduard Pestel, minister for science in Lower Saxony: Even if we do not shorten working hours further and continue to have only weak economic growth, as we are presently experiencing it, there will be a high degree of labor shortage in the nineties, perhaps even by the end of the eighties. This forces us, of course, to continue even at present with rationalization measures, not only in view of the merciless international competition in which we find ourselves.

I would like to proceed to the second point. This point concerns something which worries me and which will occupy us for a much longer period of time. I am referring to the growing gap between the educational system and the occupation system. If we continue with the present educational system--and it is probable that this will happen--we will, as the result of demographic developments and the push into higher education, have almost three times as many advanced school graduates by the end of the century among the members of the labor force plus 1 million graduates of advanced technical schools.

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It can then be easily calculated: Even if the ration of doctors and lawyers is doubled, if the number of officials and employees in the higher [civil] service is doubled, there will be five to six times as many graduates of advanced schools descending upon the economy. I ask myself whether the occupation system in the economy and industry is capable at all of absorbing these people.

At any rate, it behooves us to think about this here today. This also applies to the economy. I am not against higher education, but I believe that we must think about how to find employment for these people. In the advanced schools and as those involved in making science policy, we must think about how to reform the curriculum in such a way as to make these graduates more flexible and more mobile in the way in which they can be used than up to now.

I believe that we have a very difficult problem, that is, the onset of qualitative unemployment, which leads not only to resignation among those concerned, but also perhaps to open rebellion, especially against the state, which was instrumental in arranging this privilege of higher education for them.

At the same time it is to be noted that with certainty during this time period the number of graduates of the intermediate school, which at present amounts to over 16 million among those gainfully employed, will decrease to about 10 million.

This means, in other words, that precisely in the area in which these people can be used we must continue to rationalize. For all sorts of reasons, we will certainly not be able to afford to import foreign labor once again in increased measure.

Nannen: That is a very important point of view, because the question arises whether with growing academic education the demands do not also grow, so that one day it will prove impossible to fill a whole series of professions. Today it is already impossible to find a filling station attendant, one has to pump gas oneself.

Dr Gerd Bucerius, owner of the "Zeit" publishing house and chairman of the board of directors of the Bertelsmann corporation: The academicians do not cause us any worry in the economy. Among journalists, perhaps 20 percent have had prior academic training. No damage would be done if this figure amounted to 50 percent. Even an account of the murder in the Ackerstrasse can be written better by an academician than by an untrained journalist.

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But you may not count on the fact that we will give someone preference because he is an academician. In administration, too, we have a whole series of open positions with a gross income amounting to 40,000 to 80,000 marks. Nobody turns up. If you offer us people, who come in and also have an academic education, why not?

But the economy will not be prepared to change the employment system for no other reason than the fact that there is an increased supply of academicians. The law governing the operation of industrial enterprises (Betriebsverfassungsgesetz) alone prohibits the preferential treatment of academicians. So the young people who call upon society in order to receive a higher education will have to see whether afterward they can do anything with higher education.

Mr Loderer, the connection between earning money and investing really can not be disputed. I am chairman of the board of directors of a large enterprise which works all over the world, with sales of several billion marks. That means, of course, a steady stream of applications for investments. The capable superiors want to expand the areas of their activity and demand more money. The management puts these requests together and says: This year we can invest 100 million marks. Shall we, or shall we not? So what does the board of directors do?--It asks the group which wants to invest: Are you going to earn it this year? If the answer is "no," the chairman says: I am sorry, the investment will not be made.

I can assure you, Mr Loderer, that happens not once here or there, but quite regularly. Where there are earnings, investments will be made. When the earning quotas decline the way they have declined, investments must grow smaller.

Leo Brawand, editor-in-chief of the MANAGER MAGAZINE: I would like to address myself to the demand side, to the question of reinforcing demand, which would with certainty be one of the most important means of eliminating unemployment or alleviating the problem.

Ludwig Erhard once said that he could not imagine a person all of whose wishes were fully satisfied, who would not always find something else he would like to buy. I believe that he was right in saying this. It does not have to be a yacht after all, but it can be a rubber boat, a snorkel, all of the products that are sold in the recreation sector, in the sector which, as the result of the reduction of working hours, will become a constantly growing market.

I am not so pessimistic and am anticipating positive effects for the labor market. We have to think through: Do we want to tackle this problem in principle on the basis of the market economy, or do we want to follow the principle "divide more, regulate more, distribute more?"

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I believe that in order to solve the unemployment problem we need a kind of armistice, a kind of declaration of principles in the debate over the basic political order, so that the consumer no longer salts his money away in a savings account, but knows: Things will go sensibly and steadily, so I can proceed to realize my plan to build a house, so I can save for a larger acquisition.

The entrepreneur must know: Even 10 years from now I can in principle still manage on the basis of the principles existing up to now--of course, with social improvement of all possibilities.

If we get this declaration of principles through parliament, the government, and in entirety, we will already be much closer to the solution of this problem.

Nannen: Of course, we were unable to solve the problems. But I believe we have ascertained one thing: that such questions must be solved only in factual discussions, not in an ideology-laden quarrel. In this only employers, employees and politicians can work together. If everybody represents only his own opinion as given and immovable, then we do not make any progress.

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